



**State of Rhode Island**  
**Department of Business Regulation**



**Insurance Division**  
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**RATE PROCEDURAL INFORMATION SUMMARY**

1. Provide a general description of the filing; i.e., list all proposed changes to rates and rating factors. In doing so, include the current and proposed territory base rates for each coverage for which a rate level change is being proposed, the current and proposed territory definitions for each rating territory for which a change in definition is being proposed, and the current and proposed rating factors for each set of rating factors for which a change is being proposed.
2. Provide actuarially based rate level indications to support the proposed rate level changes by coverage. In so doing, provide the underlying data, assumptions, and derivation of each of the following components of the indications:
  - a) premiums adjusted to the current rate level;
  - b) premium trend;
  - c) losses and allocated loss adjustment expense (ALAE, which is now referred to as defense and cost containment expense) developed to an ultimate basis including the loss development triangles and the selected loss development factors;
  - d) losses and ALAE adjusted to reflect prospective cost levels, including selected trend factors;
  - e) any adjustments made for large, catastrophic, or weather related losses;
  - f) any adjustments made to reflect the credibility of the experience;
  - g) expense provisions – Support should include five years of expense history for each expense provision including unallocated loss adjustment expense (ULAE, which is now referred to as claim adjustment service) with an explanation if the expenses underlying

the expected loss ratio or expense multiplier vary from the company's historical expenses; recognition should be given to fixed and variable expense components; and

- h) profit & contingency provision – Support should include rationale for the target rate of return (if applicable), and an explanation (including underlying calculations, data, and assumptions) of how investment income was considered. Data used should be the most recent available to the company.
3. Provide actuarial support and any other considerations for any proposed changes in rating factors or class definitions; i.e., territory definitions or relativities, class plan definitions or relativities, increased limit factors, deductible factors, discounts, surcharges, etc. Actuarial support should reflect your company's experience. If credit history is utilized in the rating or underwriting process, for homeowner's insurance or personal motor vehicle insurance, on or after January 1, 2003, the insurer must demonstrate the predictive nature of its insurance scoring process to the Department. Question 3a/3b enumerates additional filing requirements to support the insurer's use of credit. In addition, a) all motor vehicle filings must include the information requested in Question 12, b) all filings for territory changes must be supported pursuant to Rhode Island Insurance Regulation 62 and c) all homeowners insurance filings must include the information requested in Question 13.

If you are proposing rates, rating factors, discounts/surcharges, class/territory definitions, etc. that are based on those currently in effect in Rhode Island for another insurance company(ies) or rating organization, provide the rates, rating factors, discounts/surcharges, class/territory definitions, etc. of that other company(ies), and explain how you have considered possible differences in coverage offered, underwriting standards, claim practices, expenses, etc. between your company and the referenced company(ies).

3a. In order to demonstrate the predictive nature of insurance scoring, the insurer must provide an analysis that confirms the statistical correlation between insurance score and loss experience. The analysis should be performed in such a manner that adjusts for any potential distributional biases, such as among states (if multi-state data is used) with different levels of rate adequacy, or among vehicle use risk classes with different levels of rate adequacy. In addition:

- a) The source of the data must be identified, e.g., number of years of data; whether the data is by accident year or policy year; whether the data is from Rhode Island or other states; if a sample of states or a sample of risks is used, a description of how the data was collected, including data verification procedures; the percentage of the overall business that is used in the sample; etc.
- b) All data adjustments must be explained and supported, e.g., loss development; adjustments for the effect of large losses; how credibility was considered in the analysis; etc.
- c) The data underlying the analysis must be relatively recent.

3b. Appropriate support for the rates/rating factors that reflect the use of insurance score should include an analysis that supports the appropriateness of each proposed rate/rating factor as opposed to any other rate/rating factor. As above, the source of the data must be identified, all data adjustments must be explained and supported, and the data underlying the analysis must be relatively recent.

In addition:

- a) An explanation must be provided as to how risks with insufficient or no credit history will be treated.
- b) An explanation must be provided as to how risks that refuse to allow access to their credit score will be treated.
- c) The company's timing and procedure for updating credit scores must be provided, e.g., at each renewal; only on the customer's request; etc.
- d) The rationale behind any grouping of credit scores for rating or underwriting purposes must be provided i.e., how the beginning and end points of any ranges of insurance score were selected.

4. In providing the information in (2), (3), (3a) and 3(b) above:

- a) Explain all differences from the ratemaking procedures employed in your last rate filing in Rhode Island.
- b) Clearly describe or label the type of information used; e.g., calendar year, policy year, or accident year; basic limits or total limits; Rhode Island or countrywide; by coverage or all coverages combined; etc.

5. Provide rationale for any proposed rate level change, by coverage or overall, that differs from your indicated change.

6. Provide the derivation of the estimated overall premium effect of any proposed changes to a rating factor or definition. Explain how you have considered each of these effects in calculating the overall proposed rate level change.

7. Provide any additional information that you feel may be helpful to the Department of Business Regulation in its review of this filing. For example, if the company has undergone changes in its operations that affect its expense provision, then this information should be provided.

8. Provide the length of time the proposed rates are expected to remain in effect.

9. Provide a description of the risk that will receive the largest rate increase and a description of the risk that will receive the largest rate decrease as a result of the changes proposed in this filing. Include the amount of the rate change for each risk described.
10. Provide an estimate of the number and percent of exposures that will receive a rate increase in excess of 15% due to the changes proposed in this filing.
11. Provide a statement signed by an actuary or an officer of the company to certify that the data submitted in the filing is accurate and reliable.
12. For all motor vehicle filings provide a copy of the relevant pages (and cite the manual page number and rule number) from your company's rating manual that confirm that your company is in compliance with:
  - a) R.I. Gen. Law § 27-9-53, Motor Vehicle Insurance Rate Increases Relating to Violations and Accidents and Insurance Regulation 25, Section 8, Duration of Assessment.
  - b) R.I. Gen. Laws § 27-9-4, Considerations in Making of Rates: § (4)(a)(1)(i), § (4)(d), (4)(e), and § 45-19-17, Operation of Emergency Vehicles – Accidents.
  - c) R.I. Gen. Law § 27-29-13, Payment of Premium – Cancellation
  - d) Insurance Regulation 25, Section 5, Additive Amounts for Policy Assessment, Section 6, Reductive Amounts for Policy Credits and Section 7, Chargeable Accident
  - e) R.I. Gen. Law § 27-9-7.1, Premium Reduction for Completing a Motor Vehicle Accident Prevention Course
  - f) R.I. Gen. Law § 27-9-7.2, Premium Reduction for Anti-theft Devices, and Insurance Regulation 84, Automobile Insurance Premium Reductions for Anti-Theft Devices
  - g) R.I. Gen. Law § 27-9-56, Casualty Insurance Rating - Use of Credit Rating and Insurance Bulletin Number 2002-16 "Use of Credit for Rating and Underwriting of Homeowners and Personal Motor Vehicle Insurance"
  - h) Insurance Regulation 98, Rhode Island Automobile Insurance Plan
13. For all homeowners insurance filings provide a copy of the relevant pages (and cite the manual page number and rule number) from your company's rating manual that confirm that your company is in compliance with:
  - a) R.I. Gen. Law § 27-6-53, Fire and Marine Insurance Rating - Use of Credit Rating and Insurance Bulletin Number 2002-16 "Use of Credit for Rating and Underwriting of Homeowners and Personal Motor Vehicle Insurance"
  - b) R.I. Gen. Law § 27-29-4.3, Refusal to Issue Policy Due to Nonoccupancy.

- c) R.I. Gen. Law §27-29-4(7) (iii) (iv) and (vi), Unfair Competition and Practices, and Insurance Bulletin Number 2003-9 “Underwriting Restrictions Based on Age or Geographic Location of Property”